

DISTRICT COUNCIL OF KAROONDA EAST MURRAY
Investment Policy & Review of Investments

Policy No	17
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Next Review	2009

1. Introduction

1.1 Objectives

The purpose of this policy is to ensure that:

- Council maximises the return of surplus funds, taking into consideration the level of risk
- Council funds are preserved
- Council funds are invested in accordance with its legislative and common law responsibilities

1.2 Legislative Power

Section 139 of the Local Government Act

1.3 Prudent Person of Business

All investments are to be made exercising care, diligence and skill that a prudent person of business would exercise in managing the affairs of other persons.

1.4 All Investments are to be made in accordance with the Provision of the Local Government Act, with particular attention to Section 139 and 140.

2. Investments

2.1 Without approval from Council, investments are limited to:

- Deposits with the Local Government Finance Authority
- Bank Accepted/Endorsed Bank Bills
- Bank Negotiable Certificate of Deposits
- Bank Interest Bearing Deposits
- State/Commonwealth Government Bonds

2.2 Subject to the following exposure limits

TYPE	SHORT TERM RATING	LONG TERM RATING	MAXIMUM HOLDING
LGFA Deposits	N/A	AA	100%
Other Products and Institution	A-1+	AAA to AA-	75%

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2.3 Calculation of Maximum Holding

The maximum holding is the amount of the investment, plus any other investments of the same type, at the time of making the investment, as a percentage of the current total of Council investments, or the anticipated total of investments in 5 working days time.

3. Maximising Return

3.1 Money to be invested

The bank account balance of Council is to be kept at a level no greater than is required to meet Councils immediate working capital requirements, with any surplus funds being applied to either reduce debt or invest.

3.2 Quotation on Investments

No less than three quotations are to be obtained from authorised institution whenever a new investment is proposed. After taking into account all relevant factors, including the exposure limits set above, the quote which delivers the best value to Council shall be successful.

4. Long Term Investments

Investments fixed for a period greater than 12 months are to be approved by Council.

5. Reporting

Each year a report will be prepared which summarises the performance of each investment and the performance of the investment portfolio as a whole.